



**Auditor of State  
Betty Montgomery**



PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Pickaway County District Library  
Pickaway County  
1160 North Court Street  
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the accompanying financial statements of Pickaway County District Library, Pickaway County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and the reserves for encumbrances of the Library as of December 31, 2003, and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2004, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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This report is intended solely for the information and use of the management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 12, 2004

**PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Other Governments Grants-In-Aid	\$1,832,999	\$0	\$0	\$1,832,999
Patron Fines and Fees	59,753	0	0	59,753
Earnings on Investments	14,744	0	0	14,744
Contributions, Gifts and Donations	9,701	0	73,837	83,538
Miscellaneous Receipts	367	0	19,225	19,592
				0
Total Cash Receipts	<u>1,917,564</u>	<u>0</u>	<u>93,062</u>	<u>2,010,626</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,015,762	0	0	1,015,762
Purchased and Contracted Services	203,447	0	0	203,447
Other Objects	339,947	107	0	340,054
Capital Outlay	52,873	742	355,594	409,209
Total Cash Disbursements	<u>1,612,029</u>	<u>849</u>	<u>355,594</u>	<u>1,968,472</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>305,535</u>	<u>(849)</u>	<u>(262,532)</u>	<u>42,154</u>
<b>Other Financing Cash Receipts:</b>				
Sale of Assets	2,456	0	0	2,456
Total Other Cash Financing Receipts	<u>2,456</u>	<u>0</u>	<u>0</u>	<u>2,456</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	307,991	(849)	(262,532)	44,610
Fund Cash Balances, January 1	<u>1,138,861</u>	<u>1,384</u>	<u>1,849,104</u>	<u>2,989,349</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,446,852</u></b>	<b><u>\$535</u></b>	<b><u>\$1,586,572</u></b>	<b><u>\$3,033,959</u></b>
Reserves for Encumbrances, December 31	<u>\$36,208</u>	<u>\$0</u>	<u>\$0</u>	<u>\$36,208</u>

*The notes to the financial statements are an integral part of this statement.*

**PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Other Governments Grants-In-Aid	\$1,851,505	\$0	\$0	\$1,851,505
Patron Fines and Fees	40,809	0	0	40,809
Earnings on Investments	18,351	0	55,149	73,500
Contributions, Gifts and Donations	1,810	0	284,064	285,874
Miscellaneous Receipts	996	0	0	996
<b>Total Cash Receipts</b>	<u>1,913,471</u>	<u>0</u>	<u>339,213</u>	<u>2,252,684</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	926,727	0	0	926,727
Purchased and Contracted Services	189,932	665	269	190,866
Other Objects	288,728	32	0	288,760
Capital Outlay	69,343	6,223	1,890,676	1,966,242
<b>Total Cash Disbursements</b>	<u>1,474,730</u>	<u>6,920</u>	<u>1,890,945</u>	<u>3,372,595</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>438,741</u>	<u>(6,920)</u>	<u>(1,551,732)</u>	<u>(1,119,911)</u>
				0
<b>Other Financing Cash Receipts and Cash (Disbursements):</b>				
Transfers-In	0	0	600,000	600,000
Sale of Assets	1,540	0	0	1,540
Transfers-Out	(600,000)	0	0	(600,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(598,460)</u>	<u>0</u>	<u>600,000</u>	<u>1,540</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(159,719)</u>	<u>(6,920)</u>	<u>(951,732)</u>	<u>(1,118,371)</u>
<b>Fund Cash Balances, January 1</b>	<u>1,298,580</u>	<u>8,304</u>	<u>2,800,836</u>	<u>4,107,720</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,138,861</b></u>	<u><b>\$1,384</b></u>	<u><b>\$1,849,104</b></u>	<u><b>\$2,989,349</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$19,199</b></u>	<u><b>\$0</b></u>	<u><b>\$394,954</b></u>	<u><b>\$414,153</b></u>

*The notes to the financial statements are an integral part of this statement.*



**PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Pickaway County District Library, Pickaway County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees. Four Trustees are appointed by the Common Pleas Court Judge and three Trustees are appointed by the County Commissioners. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts and disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following type:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

**Gates Grant Fund** – This fund received contributions from The Bill and Melinda Gates Foundation to provide funds for the expansion of public access to computers and the internet.

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following Capital Projects Fund:

**Library Capital Projects Fund** – This fund receives monies from other funds and donations to construct, repair, and maintain Library facilities.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's basis of accounting.

**PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and investments at December 31 was as follows:

	2003	2002
Demand deposits	\$82,387	\$215,245
STAR Ohio	2,951,572	2,774,104
Total deposits and investments	\$3,033,959	\$2,989,349

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,037,767	\$1,648,237	\$389,530
Special Revenue	1,384	849	535
Capital Projects	909,891	355,594	554,297
Total	\$2,039,151	\$1,649,086	\$944,362

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,542,036	\$2,093,929	\$448,107
Special Revenue	8,304	6,920	1,384
Capital Projects	2,800,836	2,285,899	514,937
Total	\$2,550,340	\$2,100,849	\$964,428

**PICKAWAY COUNTY DISTRICT LIBRARY  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**5. RETIREMENT SYSTEM**

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Pickaway County District Library  
Pickaway County  
1160 North Court Street  
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the accompanying financial statements of the Pickaway County District Library, Pickaway County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated July 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated July 12, 2004.

This report is intended solely for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 12, 2004



**Auditor of State  
Betty Montgomery**

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**PICKAWAY COUNTY DISTRICT LIBRARY**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 17, 2004**